

SUBCOMMITTEE NO. 2

Agenda

Sheila Kuehl, Chair
Bob Dutton
Alan Lowenthal



Tuesday, May 17, 2005
9:00 a.m.
Room 112

OUTCOMES - Agenda (Part 2 of 2)

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Resources—Environmental Protection—Energy

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0555 Secretary for Environmental Protection

1. Enforcement Initiative

Action. Staff recommends that the Subcommittee adopt supplemental report language that requires that the office of the Cal-EPA Secretary provide an update to the Legislature on the status of implementing its enforcement initiative in conjunction with the 2006-07 budget. This report should include (1) how the 2006-07 budget facilitates the implementation of the enforcement initiative and (2) examples of specific metrics that will be used to track improvements in the performance of enforcement programs agency wide.

Vote. 3-0

2. Climate Change Activities

Staff Recommendation. Staff recommends that the Subcommittee augment the Secretary for Cal-EPA's budget by \$1 million (\$500,000 from the PIER fund and \$500,000 from the Air Pollution Control Fund. The following budget bill language still applies. The \$500,000 from the Air Pollution Control Fund should be used to support public interest energy research related to climate change in the Office of the Secretary for Cal-EPA. The following budget bill language should be adopted to accomplish this shift.

Provisions

1. Of the amount appropriated in this item, (1) up to \$500,000 is for a grant to the California Climate Action Registry to support research related program activities and (2) remaining funds are to support public interest energy research at the Office of the Secretary on the effects of energy generation on climate change.

Vote. 2-1 (Dutton)

3. Reducing Air Emissions by 50 percent by 2010

Staff Recommendation. Adopted trailer bill language (to be drafted by staff) that targets Carl Moyer funding for a limited-term on school bus retrofits and goods movement-related diesel emissions. The language would exempt school buses from the cost-effectiveness criteria under the Moyer program to allow them to qualify for cleanup funds for a limited time period.

Vote. 2-1 (Dutton)

4. Hydrogen Highway

Staff Recommendation. The Subcommittee adopted the following components of the Hydrogen Highway proposal:

- \$154,000 (MVA) for 1 position at the Office of the Secretary for Cal-EPA to coordinate research related to hydrogen.
- \$380,000 (MVA) for 3 positions at the Air Resources Board to conduct research related to hydrogen, including environmental impacts of a hydrogen highway and specific impacts to low-income communities.
- \$1 million (\$220,000 MVA, \$780,000 ERPA) for contracts for continued research on environmental impacts, safety and other related issues related to the implementation of a hydrogen highway.

Vote. 3-0

5. Improving Efficiency of Cal-EPA Boards

Action. Staff recommends that the Subcommittee adopt trailer bill language to do the following:

- Reduce the Waste Board from six to five members.
- Reduce the Regional Water Quality Management Boards from nine to five members.

Vote. 2-1 (Lowenthal)

3930 Department of Pesticide Regulation

1. Pesticides Risk Assessment Activities

Action. Staff recommends that the Subcommittee adopt trailer bill language to enact the following:

Create a committee comprised of equal numbers of participants from DPR, OEHHA, and the Scientific Review Panel that will make the final decision on the risk and exposure levels that will be deemed scientifically acceptable.

Staff will also consider other statutory changes to increase the transparency of the risk assessment process, including public hearings.

Vote. 2-1 (Dutton)

3940 State Water Resources Control Board

1. Water Rights Program

Action. Staff recommends that the Subcommittee:

- Approve the Governor's budget proposal for the Water Rights program

Vote. 3-0

- Augment the water rights program by \$1.5 million General Fund to start environmental work to determine in-stream flows required for Napa River and other North Coast streams consistent with the budget trailer bill from 2004 (AB 2121).

Vote. 2-1 (Dutton)

2. Monitoring Activities

Action. Redirect \$4.5 million in federal funds currently supporting the NPDES program to support the SWAMP program. Increase expenditures from the Waste Discharge Permit Fund by a corresponding amount to fully fund the NPDES permit program.

Vote. 2-1 (Dutton)

3960 Department of Toxic Substances Control

1. BKK Class I Landfill

Action. Staff recommends that the Subcommittee:

- Approve the budget proposal to fund BKK landfill operations, including the April Finance letter.
- Adopt budget bill language requiring notification of the Legislature when the department is reimbursed by the potential responsible parties.
- Adopt trailer bill language that requires the state emergency response costs to be counted towards the state's overall share of the total liability associated with the landfill.

Vote. 3-0

2. Brownfield Cleanup

Action. The Subcommittee adopted trailer bill language to increase and expand funding for brownfields cleanup under the Underground Tank Cleanup law and the environmental fee statutes presently used to fund DTSC programs.

Vote. 2-1 (Dutton)

0540 Secretary for Resources

1. River Parkways Program

Action. Staff recommends that the Subcommittee:

- Approve the Proposition 50 bond funds for the budget year only; and
- Defer approval of the Proposition 40 bond funds so that staff can further evaluate how these funds are proposed to be allocated.

Vote. 3-0

2. Sierra Nevada Cascade Grant Program

Action. Staff recommends that the Subcommittee:

- Approve the allocation of Proposition 50 bond funds for the budget year only, and
- Approve the following LAO budget bill language to evaluate the Sierra Nevada Conservancy's role in allocating grant funds for 2006-07.

Item 0540-001-6031

Provisions:

1. The Secretary for Resources, in consultation with the Sierra Nevada Conservancy, shall submit a plan for the coordination of grant programs in the Sierra Nevada region to the Joint Legislative Budget Committee and the fiscal committees of both houses of the Legislature by December 1, 2005.

Vote. 3-0

3. California Environmental Quality Act Equivalent Programs

Action. The Subcommittee adopted trailer bill language to require evaluation a more thorough evaluation of CEQA equivalent programs (on Senate Budget's website in the morning)

Vote. 2-1

4. Environmental Review of Liquefied Natural Gas and Marine Oil Terminal Applications

Action. Staff recommends that the Subcommittee request that the administration include discussions of the environmental impacts and safety impacts of LNG in its joint workshop to be held in June.

Vote. No action taken.

5. Invasive Species

Action. Staff recommends rejecting the May Revision proposal to eliminate the Interagency Aquatic Invasive Species Council until recommendations related to coordinating the state's activities related to invasive species are released.

Vote. 2-1

3360 California Energy Commission

1. PIER Program

Action. The Subcommittee took the following action:

- Approve trailer bill language to require that the Commission develop a long-term workload and staffing program for the PIER program consistent with language adopted by the Assembly on May 11.

Vote. 3-0

No action was taken on the following item:

- Transfer \$31.25 million in grant funds from the PIER program to the Air Resources Board for the management of a grant program to fund energy-related research on technologies that reduce the environmental impact of the state's energy infrastructure. Trailer bill language (to be drafted by staff) will be needed to make this transfer possible.

Vote. No vote taken.

2. Frontier Line Transmission Project

Action. Staff recommends that the Subcommittee reject this proposal.

Vote. 2-1

3480 Department of Conservation

1. Williamson Act

Action. Staff recommends that the Subcommittee:

- Augment the department's Williamson Act enforcement unit by \$350,000 from the Soil Conservation Fund (Williamson Act cancellation penalty money) and establish three new positions.
- Adopt trailer bill language to adjust the amount of Williamson Act penalty revenues deposited in the Soil Conservation Fund annually.

Vote. 2-1

3540 Department of Forestry and Fire Protection

1. Augmentation to Off-Season Fire Protection for Southern California

Action. Staff recommends that the Subcommittee:

- Approve this request; and
- Adopt supplemental report language that requires the department to report on the following (1) performance measures related to increased prevention/inspection work; (2) impacts to Amador Agreements; and (3) coordination with contract counties on their increased level of inspection and prevention activities.

Vote. 3-0

2. Legislative Oversight of CDF's Budget

Action. Staff recommends that the Subcommittee:

- Amend budget bill language to delete the provision exempting the department from the Section 28.00 process; and
- Revise budget bill language so that the department's expenditures are scheduled so as to be similar to the way they are presented in the Governor's budget.

Vote. 3-0

3. Funding for Forest Resource Management, Assessment and Enhancement Programs

Action. Staff recommends that the Subcommittee:

- Approve the Governor's budget for forest resource management, assessment and enhancement programs;
- Approve the proposed May Revision amendment to the budget for these programs;

Vote. 3-0

- Redirect \$6 million General Fund to backfill the remaining forest resource management, assessment, and enhancement programs from the department's General Fund central administration budget.

Vote. 2-1

4. Funding for More Fire Engines

Action. Staff recommends that the Subcommittee reject this proposal.

Vote. 2-1

5. Restoration of Unallocated Reduction

Action. Staff recommends that the Subcommittee reject this proposal.

Vote. 2-1

3640 Wildlife Conservation Board

1. Bond Reappropriation

Action. Staff recommends approving the proposed reappropriation of bond funds.

Vote. 3-0

3720 California Coastal Commission

1. Improving Coastal Access and Development Mitigation

Action. Staff recommends that the Subcommittee:

- Adopt trailer bill language stating legislative intent that the commission raise its fees to generate approximately \$2.3 million in the budget year, including an OAL exemption.
- Adopt trailer bill language that allocates \$1 million of the permit fees annually to the State Coastal Conservancy for coastal access projects, including accepting and opening OTDs. The remainder of the fee revenues (\$1.3 million) should be deposited in the General Fund.
- Augment the budget by \$600,000 General Fund to establish 5 new positions (2 permanent and 3 three-year limited term) to address the backlog of work related to tracking, accepting, and opening OTDs.
- Adopt the following supplemental report language:
 1. On or before January 10, 2006, the California Coastal Commission, with assistance from the State Coastal Conservancy, shall report on all offers to dedicate described in Public Resources Code Section 31402.1 that have not yet been accepted by a third party, including those offers to dedicate where the acceptance status is currently unknown. The report shall include the type of offer to dedicate (public accessway, conservation easement, or open-space easement), status, location, expiration date, names of potential

- entities that could accept the offer and assume long-term management thereof, and the date on which the commission plans to begin working on getting the offer to dedicate accepted.
- Adopt supplemental report language that requires the commission to report annually on its progress in addressing the backlog of OTDs (to be drafted by staff).
 - Adopt trailer bill language that designates the State Coastal Conservancy as the default agency to accept non-access OTDs set to expire and to exempt this process from the Department of General Service process (similar to the current process for accepting access OTDs).

Vote. 2-1

2. Environmental Review of Liquefied Natural Gas and Marine Oil Terminal Applications

Action. Staff recommends that the Subcommittee:

- Augment the budget by \$350,000 General Fund to establish 3 new positions to augment the energy unit in the Commission that reviews LNG proposals and the MOT leases.

Vote. 2-1

3790 Department of Parks and Recreation

1. Hearst Acquisition Staffing

Action. Staff recommends that the Subcommittee redirect \$500,000 and 3 positions to provide access to other park properties in the state park system that currently have no public access.

Vote. This item was kept open see 5/18 for final outcome.

2. Empire Mine Pollution Mitigation Study

Action. Staff recommends that the Subcommittee:

- Adopt the LAO recommendation and use SMARA funds on a one-time basis to fund the environmental work related to the Empire Mine.

Vote. 3-0

- Adopt trailer bill language to amend the statute to annually deposit the first \$2 million in federal mining royalties in the SMARA fund regardless of total revenues received by the state.

Vote. 2-1

3. Deferred Maintenance

Action. Staff recommends that the Subcommittee:

- Add \$3 million in General Fund to the department's budget for deferred maintenance activities statewide.

Vote. 2-1

3810 Santa Monica Mountains Conservancy

Action. Staff recommends that the Subcommittee adopt the following amendments to the budget bill language for SMMC:

3810-301-0941—For capital outlay, Santa Monica
Mountains Conservancy, payable from the Santa
Monica Mountains Conservancy Fund13,000
Schedule:
(1) ~~50.20.002~~ 50.20.001-Capital Outlay and Local Assistance13,000

Provisions:

1. The Santa Monica Mountains Conservancy may encumber these funds for either capital outlay or local assistance grants through June 30, 2008. The conservancy shall not encumber these funds for any grant not previously approved by the Office of the Attorney General.
2. The Santa Monica Mountains Conservancy shall issue grants from this appropriation only in accordance with the General Obligation Bond Law and the specific provisions of the bond funds from which appropriations have been made, and according to advice it has received from the Office of the Attorney General, and, if appropriate from the Office of the State Treasurer, respecting the permissible use of bond funds available to the conservancy.
3. Any time that the Office of the Attorney General concludes that any use of bond funds has not been consistent with the advice provided by the Attorney General ~~opinion standard~~, the Santa Monica Mountains Conservancy shall follow the instructions of the Attorney General with respect to recovery, refund, or other settlement.
4. ~~Funds appropriated by this item shall be available upon a determination by the Director of Finance that the Santa Monica Mountains Conservancy and the Mountains Recreation and Conservation Authority have satisfactorily resolved the findings identified in the "Final Management Letter—Audit of Proposition 12, 13, and 40 Bond Funds," prepared by the Office of State Audits and Evaluations. Department of Finance, dated May 4, 2004.~~

The Santa Monica Mountains Conservancy shall submit a report to the Director of Finance and the Joint Legislative Budget Committee, no later than October 1, 2005, on the Conservancy's procedures and progress towards achieving compliance ~~with any outstanding or unverified resolution~~ with audit findings identified in "Final Management Letter— Audit of Proposition 12, 40, and 50 Bond Funds," prepared by the Office of State Audits and Evaluations. Department of Finance, dated March 1, 2005. ~~The report shall include, but not be limited to, the Conservancy's compliance procedures for adherence to state travel guidelines for state funded grant recipients,~~

~~the prohibition on advancing grant funds, grant project quarterly status reports, and ensuring costs are allowable pursuant to Office of Management and Budget Circular A-87.~~

3810-301-6031—For capital outlay, Santa Monica Mountains Conservancy, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 20029,500,000
Schedule:
(1) ~~50.20.001 Capital Outlay Acquisitions~~2,000,000
(2) ~~50.20.002 Capital Outlay and Local Assistance~~9,500,000

Provisions:

1. The Santa Monica Mountains Conservancy may encumber these funds for either capital outlay or local assistance grants through June 30, 2008. The conservancy shall not encumber these funds for any grant not previously approved by the Office of the Attorney General.

2. The Santa Monica Mountains Conservancy shall issue grants from this appropriation only in accordance with the General Obligation Bond Law and the specific provisions of the bond funds from which appropriations have been made, and according to advice it has received from the Office of the Attorney General, and, if appropriate, from the Office of the State Treasurer, respecting the permissible use of bond funds available to the conservancy.

3. Any time that the Office of the Attorney General concludes that any use of bond funds has not been consistent with the advice provided by the Attorney General ~~opinion standard~~, the Santa Monica Mountains Conservancy shall follow the instructions of the Attorney General with respect to recovery, refund, or other settlement.

4. ~~Funds appropriated by this item shall be available upon a determination by the Director of Finance that the Santa Monica Mountains Conservancy and the Mountains Recreation and Conservation Authority have satisfactorily resolved the findings identified in the "Final Management Letter—Audit of Proposition 12, 13, and 40 Bond Funds," prepared by the Office of State Audits and Evaluations, Department of Finance, dated May 4, 2004.~~

The Santa Monica Mountains Conservancy shall submit a report to the Director of Finance and the Joint Legislative Budget Committee, no later than October 1, 2005, on the Conservancy's procedures and progress towards achieving compliance ~~with any outstanding or unverified resolution~~ with audit findings identified in "Final Management Letter—Audit of Proposition 12, 40, and 50 Bond Funds," prepared by the Office of State Audits and Evaluations, Department of Finance, dated March 1, 2005. ~~The report shall include, but not be limited to, the Conservancy's compliance procedures for adherence to state travel guidelines for state funded grant recipients, the prohibition on advancing grant funds, grant project quarterly status reports, and ensuring costs are allowable pursuant to Office of Management and Budget Circular A-87.~~

Staff also recommends that the Subcommittee add the following items to reappropriate bond funds that will not be expended or encumbered before the end of the current year:

3810-490—Reappropriation, Santa Monica Mountains Conservancy

The balance of the appropriation provided in the following citation are reappropriated for the purposes of liquidation and, subject to the limitations, unless otherwise specified, provided for in this appropriation, shall be available for liquidation until June 2008.

0940—Santa Monica Conservancy Fund.

(1) Item 3810-301-0941, Budget Act of 2000 (Ch. 52, Stats. 2000)

20.10.140 – Capital Outlay and Grants

3810-XXX—Reappropriation, Santa Monica Mountains Conservancy

The balance of the appropriation provided in the following citation are reappropriated for the purposes of liquidation and, subject to the limitations, unless otherwise specified, provided for in this appropriation, shall be available for expenditure for capital outlay or local assistance through fiscal year 2009.

0005—2000 Park Bond: Santa Monica Mountains & Rim of the Valley Trail Corridor Projects

(1) Item 3810-301-0005, Budget Act of 2000 (Ch. 52, Stats. 2000)

20.10.140—Capital Outlay and Grants

(2) Item 3810-301-0005, Budget Act of 2001 (Ch. 106, Stats. 2001)

20.10.140—Capital Outlay and Grants

(3) Item 3810-301-0005, Budget Act of 2002 (Ch. 379, Stats. 2002)

20.10.140—Capital Outlay and Grants

6015—River Protection Subaccount

(1) Item 3810-301-6015, Budget Act of 2000 (Ch. 52, Stats. 2000)

Provisions:

1. The Santa Monica Mountains Conservancy may encumber funds for either capital outlay or local assistance grants through June 30, 2008.
2. The reappropriation item shall not affect funds reverted by Item 3810-495 of this act.

3810-495—Reversion, Santa Monica Mountains Conservancy. As of June 30, 2005, the amounts specified below of the appropriations provided in the following citations shall revert to the balance in the fund from which the appropriations were made:

(1) \$10,000 from Item 3810-301-0005, Budget Act of 2000 (Ch. 52, Stats. 2000).

(2) \$2,695,000 from Item 3810-301-0005, Budget Act of 2001 (Ch. 106, Stats. 2001).

Vote. 3-0

3855 Sierra Nevada Conservancy

1. Sierra Nevada Conservancy Start Up

Action. Staff recommends that the Subcommittee:

- Reduce the proposed budget for the Sierra Conservancy by \$400,000 to account for delays in hiring new staff and make a marginal reduction in the department's budget for program development.
- Adopt the following budget bill language:
Item 3855-001-0140.

Provisions:

1. Of the amount appropriated in this item, \$567,000 for external consulting for program and guideline development and \$586,000 for equipment are limited to terms of two years and one year, respectively.

Vote. 3-0

3860 Department of Water Resources

1. *Paterno* Lawsuit Settlement

Action. Staff recommends that the Subcommittee approve the administration's proposal to fund the *Paterno* lawsuit.

Vote. 3-0

2. Flood Management in Crisis

Action. Staff recommends that the Subcommittee adopt the following trailer bill language:
Add the following provision to the Government Code:

(a) On and after January 1, 2006, a city, county, or city and county shall not approve a subdivision map that includes a residential use where the property is protected by a flood control levee unless:

(1) the first habitable floor of the residential use is at least one foot above the maximum flood level that would result if the levee failed in a reasonably foreseeable flood event based on substantial evidence in the written record, or

(2) the levee provides, based on substantial evidence in the written record, the following levels of flood protection against a reasonably foreseeable flood:

(i) not less than one percent probability of flooding of the residential use in any one year for a subdivision approved before January 1, 2008

(ii) not less than 0.75 percent probability of flooding in any one year for a subdivision approved on and after January 1, 2008 and before January 1, 2012

(iii) not less than 0.50 percent probability of flooding in any one year for a subdivision approved after January 1, 2012.

The Subcommittee approved requiring the above for building permits as well.

Vote. 2-1